

EXHIBIT 24  
DATE 3/26/13  
HB 616

HJ18 Testimony of Tony Herbert

House Business and Labor Committee

March 26, 2013

Mr. Chairman and members of the Committee, my name is Tony Herbert and I am the Executive Director of the Montana Brewers Association, and I rise in support of HJ18

I'd like to hand out my testimony. I'd also like to hand out supporting testimony of the new Front Brewing Company in Great Falls, and the hopefully new start up, the Lolo Peak Brewing Company, in Lolo.

Members of the Committee, the Montana Alcohol Code, Title 16, is a substantial and significant piece of our Montana Codes Annotated. As the controlling code for the management of the sale and use of alcoholic beverages in Montana, it describes and creates opportunity for businesses to conduct their trade within the constraints of the law, and with public safety as a key tenant. This area of the law began with the repeal of the Volstead Act in 1933 and has evolved ever since.

The Volstead Act of 1919 created prohibition or what some call "The Great Mistake". After years of corruption and bloodshed, and the ongoing consumption of then illegal alcoholic products, the people of the nation came to their senses and repealed Volstead and made legal once again alcoholic products in America. Congress created what is still today known as the "three tier system" creating separation from: 1) Manufactures including breweries, wineries, and distilleries; 2) Retailers, include bars and taverns, and; 3) Distributors. Each state was given the task of developing laws governing the management of this new environment, and indeed each state's laws have created probably 50 different models with wide differences.

The Montana Brewers Association came into this legislature proposing no changes to the current environment. We recognized that there had been no real communications among the affected parties to propose workable changes the licensing structure for breweries. We have been steadfast in our counsel in this regard with our industry partners. These are complex issues and they take time and commitment. Our three tier system members just have not taken the time to connect on these issues in advance of this session. As a representative of one tier, I will take my one third responsibilities for not having pushed harder to have this done prior to now.

And we felt coming in, and still feel even stronger today, that the best approach is to have time to work out comprehensive, well thought out, and researched solutions, and to bring those back to you in 2015 in an bill supported by all parties. Rep. Clark's sensible Study Resolution

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provides the framework to do just that. In a few minutes this committee will hear a bill that does not have the endorsement of two of the three tiers, and will harm one of the brightest and fastest growing industries in the state. HJ18 will help all of us in Montana avoid this problem.

I would like to submit for the record a copy of the University of Montana's Bureau of Business and Economic Research's study, the Economic Contributions of the Montana Craft Beer Industry. Our industry, and the craft beer industry nationally, has grown significantly in the past 10 to 15 years, and that resulting growth has put pressure on Montana's current licensing system. The debates continue over the best way to allow this industry to grow and prosper and meet the needs and desires of particularly the retailers, and also the distributors. We want to be a part of the solution that gets this right for the state, and for the people of the state. We want it to be for the long haul and HJ18 is the best chance at creating sound solutions that can have lasting effects.

I am aware that similar studies have recently been performed in the states of Texas, Georgia, and Michigan, one is underway in Alaska, and Maine concluded an informal study done by industry representatives. These studies have assisted these states in coming to agreement in wide ranging areas of economic development, process improvements, safety and enforcement, and three tier responsibilities. In Michigan's case they have made 72 separate recommendations which are finding their way into their legislative process now.

HJ18 is comprehensive in that it includes not only the three tier members of the retailers, the distributors, and our group the breweries, but as manufacturers go, distillers and wineries should also have input. In addition, we have included agricultural interest, economic development interests, tourism, regulatory, and public safety.

As some of this is looked at we expect that brewers will be Exhibit A. But there are plenty of issues that can be addressed in such a review. I have heard it stated in a legislative hearing before by one of our most prominent lobbyists who knows much about Title 16, its origins, its intentions, and its failings, something to the effect "If you were to start from whole cloth and create a new Alcoholic Beverage Control System, you would not have created what we have here in Montana".

HJ18 is a good measure that will give us all the needed time to perform a thorough review and make solid recommendations to you, and the Montana Brewers Association commits today to being an active and willing partner with the legislature and its staff to work through this process. And we particularly want to thank Representative Clark for carrying this resolutions and supporting this process.

Thank you and I'll be available for questions.

